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## Indonesia

## Tobacco and Products

## Semi-Annual

## 2001

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### Report Highlights:

Due to improved growing conditions, total tobacco production in 2000 increased to 157,052 mt (dry basis). Output is forecast to remain at about this same level in 2001.

Tobacco use in 2000 increased, reflecting growth in cigarette production. Cigarette production in 2000 increased and reached 232.5 billion sticks, but is forecast to decline slightly to 230.0 billion sticks in 2001 due to a decrease in white cigarette demand caused by higher prices set by the government. Similarly, use in 2001 is forecast to decline slightly.

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## SITUATION AND OUTLOOK

### Unmanufactured Tobacco

#### Production

Due to improved growing conditions, total tobacco production in 2000 (January-December) increased 18 percent to 157,052 tons dry weight basis or 185,121 tons farm sales weight. Production is forecast to remain at around this same level in 2001 as growing conditions have been similar.

#### Consumption

Tobacco use in 2000 was higher reflecting an increase in cigarette demand, particularly for "Kretek" types. In line with an estimated decline in cigarette demand in 2001 due to price increases for white cigarettes, tobacco consumption is forecast to decline to 169,400 tons in 2001. With the weakening of the rupiah, imports have become more expensive, and import volume is expected to decline from 33,048 tons in 2000 to 31,400 tons in 2001.

Ending stocks of total tobacco were 2,283 tons in 2000, but lower cigarette production forecast for 2001 is expected to result in growth in ending stocks of tobacco to 5,918 tons.

### Manufactured Tobacco

#### Production

Cigarette production in 2000 reached 232.5 billion sticks, but is forecast to decline slightly in 2001 due to a decline in white cigarette output (as a result of higher prices set by the government). The white cigarette market share continues to decrease and was roughly 12.5 percent in 2000. Despite changes in prices and escalating clove prices, production of clove cigarettes increased about 5 percent to 206.7 billion sticks in 2000. Hand-rolled clove (kretek) cigarette (known as SKT or Sigaret Kretek Tangan) production decreased around 1 percent in 2000 while the machine-rolled kretek cigarettes (SKM - Sigaret Kretek Mesin) increased by 3 percent, supported by growing demand for "mild" cigarettes (lower tar and nicotine content).

#### Consumption

Despite the economic crisis and increases in prices, cigarette use is about the same level as in previous years as Indonesian consumers have tended to switch to less expensive products. As a result, total cigarette consumption in 2000 reached 216.8 billion sticks, slightly above the 208.5 billion sticks in 1999. Use is forecast to remain level at about 216.4 billion sticks in 2001.

Exports of cigarettes are declining as a result of several Indonesian cigarette companies establishing production in other Asian countries that were heretofore export markets.

#### Policy

Government regulations for the cigarette industry, i.e., price and excise tax structures, were modified twice in 2001 to meet the government's revenue target. A minimum retail price and excise structure is in effect for all cigarettes (please refer to Table "Classification of Tobacco Product Manufacturers") effective as of June 1, 2001.

## SECTION II - STATISTICAL INFORMATION AND TABLES

## Tobacco, Unmfg, Total

Country:	Indonesia					
Commodity:	Tobacco, Unmfg.					
		1999		2000		2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	207000	207000	210000	210000	0	210000
Beginning Stocks	6614	6614	5734	2549	10631	2283
Farm Sales Weight Prod	156882	156882	185121	185121	0	185100
Dry Weight Production	133350	133350	157353	157052	0	157335
U.S. Leaf Imports	1158	1158	1000	1360	0	1400
Other Foreign Imports	37218	37218	25000	31688	0	30000
TOTAL Imports	38376	38376	26000	33048	0	31400
TOTAL SUPPLY	178340	178340	189087	192649	10631	191018
Exports	22206	22206	137100	15761	0	15700
Dom. Leaf Consumption	129400	128400	137100	148100	0	145600
U.S. Leaf Dom. Consum.	1000	1000	800	800	0	800
Other Foreign Consump.	20000	24185	20705	25705	0	23000
TOTAL Dom. Consumption	150400	153585	158605	174605	0	169400
TOTAL Disappearance	172606	175791	174305	190366	0	185100
Ending Stocks	5734	2549	14782	2283	0	5918
TOTAL DISTRIBUTION	178340	178340	189087	192649	0	191018

<b>Export Import Trade Matrix</b>			
Country:		Units:	MT
Commodity:			
Time period:	Jan-Dec		Jan-Dec
Exports for	2000	Imports for	2000
U.S.	5,193	U.S.	1,360
Others		Others	
USSR/Russia Fed.	6,690	China	18,989
Belgium	1,805	Turkey	3,733
Netherlands	1,048	Zimbabwe	2,490
Germany	1,025	Brazil	2,265
		Greece	2,005
Total for Others	10,568	Total for Others	29,482
Others not listed		Others not listed	2,206
Grand Total	15,761	Grand Total	33,048

<b>Export Import Trade Matrix</b>			
Country:		Units:	US\$
Commodity:			
Time period:	Jan-Dec		Jan-Dec
Exports for	2000	Imports for	2000
U.S.	6,250,694	U.S.	11,059,313
Others		Others	
USSR/Russia Fed.	5,267,088	China	51,513,051
Belgium	2,414,350	Turkey	16,318,288
Netherlands	4,279,449	Zimbabwe	12,288,158
Germany	3,739,046	Brazil	6,239,369
		Greece	8,964,064
Total for Others	15,699,933	Total for Others	95,322,930
Others not listed		Others not listed	6,095,403
Grand Total	21,950,627	Grand Total	112,477,646

**Tobacco, Unmfg, Flue Cured**

Production Table						
Country:						
Commodity:	Flue Cured					
		1999		2000		2001
	Old	New	Old	New	Old	New
Market Year Begin						
Area Planted	50500	50500	54000	54000	0	54000
Beginning Stocks	939	189	3585	950	3144	824
Farm Sales Weight Prod	42360	42360	43000	43000	0	43000
Dry Weight Production	36000	36000	36500	36500	0	36500
U.S. Leaf Imports	900	900	1000	1188	0	1400
Other Foreign Imports	28234	28234	15000	22947	0	20000
TOTAL Imports	29134	29134	16000	24135	0	21400
TOTAL SUPPLY	66073	65323	56085	61585	3144	58724
Exports	388	388	500	461	0	500
Dom. Leaf Consumption	53000	53000	47500	48200	0	47500
U.S. Leaf Dom. Consum.	100	100	100	100	0	100
Other Foreign Consump.	9000	10885	7000	12000	0	10000
TOTAL Dom. Consumption	62100	63985	54600	60300	0	57600
TOTAL Disappearance	62488	64373	55100	60761	0	58100
Ending Stocks	3585	950	985	824	0	624
TOTAL DISTRIBUTION	66073	65323	56085	61585	0	58724

**Unmfg, Dark Air & Sun Cured**

Production Table						
Country:						
Commodity:	Dark Air & Sun Cured					
		1999		2000		2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	136220	136220	137100	136220	0	137100
Beginning Stocks	2925	2925	2817	1517	7559	1276
Farm Sales Weight Prod	92402	92402	123291	123291	0	123270
Dry Weight Production	78550	78550	104853	104552	0	104853
U.S. Leaf Imports	258	258	0	172	0	0
Other Foreign Imports	8984	8984	10000	8740	0	10000
TOTAL Imports	9242	9242	10000	8912	0	10000
TOTAL SUPPLY	90717	90717	117670	114981	7559	116129
Exports	0	0	0	0	0	0
Dom. Leaf Consumption	76000	75000	89000	99300	0	97500
U.S. Leaf Dom. Consum.	900	900	700	700	0	700
Other Foreign Consump.	11000	13300	13705	13705	0	13000
TOTAL Dom. Consumption	87900	89200	103405	113705	0	111200
TOTAL Disappearance	87900	89200	103405	113705	0	111200
Ending Stocks	2817	1517	14265	1276	0	4929
TOTAL DISTRIBUTION	90717	90717	117670	114981	0	116129



## Unmfg, Dark Air Cured, Cigar

Production Table						
Country:						
Commodity:	Dark Air Cured					
		1999		2000		2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	20280	20280	18900	18900	0	18900
Beginning Stocks	3500	3500	82	82	236	182
Farm Sales Weight Prod	22120	22120	18830	18830	0	18830
Dry Weight Production	18800	18800	16000	16000	0	16000
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	22300	22300	16082	16082	236	16182
Exports	21818	21818	15200	15300	0	15200
Dom. Leaf Consumption	400	400	600	600	0	600
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	0	0	0	0	0	0
TOTAL Dom. Consumption	400	400	600	600	0	600
TOTAL Disappearance	22218	22218	15800	15900	0	15800
Ending Stocks	82	82	282	182	0	382
TOTAL DISTRIBUTION	22300	22300	16082	16082	0	16182

**Composition of Tobacco Production: Area & Production by Region**  
**Initial Estimate of Government of Indonesia for 2000 1/**

Island/Province	Area Harvested (Ha)	Yield (MT/Ha)	Production (MT)	Share (%)
SUMATRA	4,842	0.53	2,548	2.44
North Sumatra	3,296	0.54	1,784	1.71
JAVA	138,148	0.67	92,787	88.77
East Java	87,719	0.69	60,704	58.07
Central Java	44,306	0.64	28,320	27.09
West Java	5,211	0.62	3,251	3.11
Yogyakarta	912	0.56	512	0.49
BALI & NUSA TENGGARA	15,896	0.56	8,966	8.58
West Nusa Tenggara	12,820	0.59	7,527	7.20
Bali	1,655	0.49	819	0.78
East Nusa Tenggara	1,421	0.44	620	0.59
KALIMANTAN	10	0.40	4	0.00
SULAWESI	574	0.39	222	0.21
MALUKU & IRIAN JAYA	0	0.00	0	0.00
TOTAL INDONESIA	159,470	0.66	104,527	100.00

Source: Directorate General of Estate Crops.

1/ To describe major producing areas of tobacco. Does not reflect the figure in the PS&D table.

2/ Java totals include production in the Jakarta and Yogyakarta areas.

**Exports and Imports of Unmanufactured Tobacco**  
**(Calendar Year: January - December)**  
**In Metric Tons/US\$**

Year (Jan-Dec)	Export			Import		
	Volume Metric Tons	Value US\$ (FOB)	Unit Price US\$/MT	Volume Metric Tons	Value US\$ (CIF)	Unit Price US\$/MT
1994	30,927	53,261,721	1,722	40,322	100,216,307	2,485
1995	21,989	61,455,847	2,795	47,953	115,473,899	2,408
1996	33,205	84,371,381	2,541	45,060	134,152,718	2,977
1997	42,280	104,742,741	2,477	47,108	157,766,947	3,349
1998	46,960	147,551,956	3,142	17,152	75,971,408	4,429
1999	37,097	91,834,090	2,476	40,913	128,019,658	3,129
2000	35,658	71,287,349	1,999	34,248	114,833,660	3,353

Source: Central Bureau of Statistics, Buletin Ringkas, Jakarta.

Note: Data may not be the same as trade matrix and PS&D presented in this report due to many different product categories included in the Central Bureau of Statistics trade data.

**Exports and Imports of Manufactured Tobacco**  
**(Calendar Year: January - December)**  
**In Metric Tons/US\$**

Year (Jan-Dec)	Export			Import		
	Volume Metric Tons	Value US\$ (FOB)	Unit Price US\$/MT	Volume Metric Tons	Value US\$ (CIF)	Unit Price US\$/MT
1994	22,860	73,160,360	3,200	2,663	25,083,603	9,420
1995	31,012	125,312,805	4,041	4,564	40,654,462	8,908
1996	28,942	135,127,903	4,669	4,750	47,265,195	9,950
1997	33,602	141,053,003	4,198	5,032	48,781,257	9,695
1998	25,246	106,780,008	4,230	2,639	8,503,747	3,222
1999	25,370	120,237,879	4,739	7,928	13,041,193	1,645
2000	24,703	149,689,294	6,060	8,520	48,859,968	5,735

Source: Central Bureau of Statistics, Buletin Ringkas, Jakarta.

Note: Data for all types of manufactured tobacco (including cigars, cigarillos, cheroots, etc.)

**Production, Supply and Demand for Manufactured Tobacco**

PSD Table						
Country:	Indonesia					
Commodity:	Tobacco, Mfg., Cigarettes					
		1999		2000		2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Filter Production	138550	142065	141000	149890	0	145000
Non-Filter Production	81150	83352	87640	82577	0	85000
TOTAL Production	219700	225417	228640	232467	0	230000
Imports	121	121	140	400	0	400
TOTAL SUPPLY	219821	225538	228780	232867	0	230400
Exports	16999	16999	17500	16052	0	14000
Domestic Consumption	202822	208539	211280	216815	0	216400
TOTAL DISTRIBUTION	219821	225538	228780	232867	0	230400

Unit: million sticks.

**Trade Matrix of Manufactured Tobacco 2000 (by value)**

Export Import Trade Matrix			
Country:	Indonesia	Units:	US\$
Commodity:			
Time period:	Jan-Dec		
Exports for	2000	Imports for	2000
U.S.	5,922,683	U.S.	0
Others		Others	
Thailand	35,472,512	China	1,516,977
Cambodia	19,069,028	Batam	140,592
Malaysia	63,061,157	Germany	20,000
Singapore	6,368,203		
Jordan	1,680,680		
Philippines	672,085		
Cyprus	503,600		
Japan	1,044,619		
Vietnam	1,918,665		
Ghana	50,130		
Total for Others	129,840,679	Total for Others	1,677,569
Others not listed	3,457,868	Others not listed	15,367
Grand Total	139,221,230	Grand Total	1,692,936

Note: Data for Cigarette Export and Import (HS Codes: 2402.20.200 and 2402.20.900).

**Trade Matrix of Manufactured Tobacco 2000 (by volume)**

Export Import Trade Matrix			
Country:		Units:	MT
Commodity:			
Time period:	Jan-Dec		Jan-Dec
Exports for	2000	Imports for	2000
U.S.	593	U.S.	0
Others		Others	
Thailand	7710	China	501
Cambodia	6075	Batam	43
Malaysia	5266	Germany	15
Singapore	850		
Jordan	497		
Philippines	346		
Cyprus	155		
Japan	141		
Vietnam	137		
Canada	68		
Total for Others	21245	Total for Others	559
Others not listed	635	Others not listed	1
Grand Total	22473	Grand Total	560

Note: Data for Cigarette Export and Import (HS Codes: 2402.20.200 and 2402.20.900).

Note: Batam is a free trade area in Indonesia.

The following tables outline the most recent GOI regulation (Minister of Finance Decree No. 384/KMK.04/2001 dated June 29, 2001) on tobacco products, effective July 1, 2001.

**Excise Tax Rate and the Minimum Retail Prices  
of Local Tobacco Products**  
Effective: July 1, 2001

Type of Tobacco Products	Manufacturer Classification	Retail Price		Excise Tax Rate
		Minimum	Maximum	
		per stick/grm	per stick/grm	%
A. SKM	Large Scale	Rp. 325.00	Free	40
	Medium Scale	Rp. 325.00	Free	38
	Medium Scale	Rp. 240.00	Rp. 320.00	36
	Small Scale	Rp. 325.00	Free	36
	Small Scale	Rp. 240.00	Rp. 320.00	34
	Small Scale	Rp. 190.00	Rp. 235.00	26
B. SPM	Large Scale	Rp. 207.50	Free	40
	Medium Scale	Rp. 207.50	Free	38
	Medium Scale	Rp. 147.50	Rp. 202.50	36
	Small Scale	Rp. 207.50	Free	36
	Small Scale	Rp. 147.50	Rp. 202.50	34
	Small Scale	Rp. 102.50	Rp. 142.50	26
C. SKT	Large Scale	Rp. 255.00	Free	20
	Medium Scale	Rp. 255.00	Free	18
	Medium Scale	Rp. 200.00	Rp. 250.00	16
	Small Scale	Rp. 255.00	Free	16
	Small Scale	Rp. 200.00	Rp. 250.00	14
	Small Scale	Rp. 165.00	Rp. 195.00	8
	Very Small Scale	Rp. 150.00	Rp. 160.00	4
D. KLM and KLB	Large Scale	Rp. 200.00	Free	20
	Medium Scale	Rp. 200.00	Free	18
	Medium Scale	Rp. 145.00	Rp. 195.00	16
	Small Scale	Rp. 200.00	Free	16
	Small Scale	Rp. 145.00	Rp. 195.00	14
	Small Scale	Rp. 115.00	Rp. 140.00	8
	Very Small Scale	Rp. 100.00	Rp. 110.00	4

E. TIS	Large Scale	Rp. 100.00	Free	20
	Medium Scale	Rp. 100.00	Free	18
	Medium Scale	Rp. 50.00	Rp. 95.00	16
	Small Scale	Rp. 100.00	Free	16
	Small Scale	Rp. 50.00	Rp. 95.00	14
	Small Scale	Rp. 20.00	Rp. 45.00	8
	Very Small Scale	Rp. 10.00	Rp. 18.00	4
F. CRT	Non Very Small Scale	Rp. 275.00	Free	20
	Very Small Scale	Rp. 125.00	Rp. 270.00	20
G. HPTL	Non Very Small Scale	Rp. 275.00	Free	20
	Very Small Scale	Rp. 125.00	Rp. 270.00	20

Note: Minister of Finance Decree No. 384/KMK.04/2001 - Dated: June 29, 2001.

### Exchange Rate

Exchange Rate (Rp./1US\$) on Period Month Ending Basis												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1997	2387	2403	2418	2443	2458	2450	2528	2190	3350	3700	3740	5700
1998	13513	9377	8740	8211	10767	15160	13850	11700	11314	9142	7755	8100
1999	9419	8992	8778	8632	8179	6750	6989	7736	8571	6949	7439	7161
2,000	7414	7517	7598	7988	8728	8742	9055	8370	8891	9483	9524	9385
2001	9488	9914	10460	11675	11375	11440	9525	8670	9675	10018		

Source: Central Statistics Agency (BPS-Badan Pusat Statistik) and Business Indonesia Daily Newspaper.

Note: - August 2001 exchange rate is quoted for August 27, 2001.  
 - September 2001 exchange rate is quoted for September 28, 2001  
 - October 2001 exchange rate is quoted for October 16, 2001  
 - BPS data available up to March 2001.

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